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OFFICE OF THE
EXECUTIVE SECRETARY

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February 22, 2001

Mr. K. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243

Re: *Z-Tel Communications - TRA Docket # 00-00861*

Dear Mr. Waddell:

Enclosed, please find, an original and thirteen (13) copies of additional information regarding consumer complaints of the applicant.

In the event that the enclosed information is insufficient, our client, Mr. Timothy Seat, would like to personally meet with the TRA staff and address any further areas of concern. If this need arises, Mr. Seat, Knox Walkup and myself can be available to meet with the TRA staff on March 9, 2001.

Thank you for your attention to this matter. If you have any questions, please do not hesitate to contact either me or Knox Walkup at (615) 244-0020.

Respectfully submitted,

WYATT, TARRANT & COMBS, LLP

By:


Sharon O. Jacobs

Z-Tel Communications, Inc.
Docket No. 00-00861

Data Request Response

1. Is Z-Tel Communications under investigation or pending enforcement actions by any state or federal agency?

Response: No.

2. What was the primary nature of the 1,212 complaints reported as having been filed against Z-Tel Communications in New York, and what resolution(s) have been reached, pending or proposed regarding these New York complaints?

Response: The primary nature of the complaints referenced above was either billing issues due to inaccurate Line Loss Reports or allegations of unauthorized switches. All complaints have been resolved to the satisfaction of all customers.

3. To what does Z-Tel Communications attribute the cause of the reported 851 slamming complaints filed against Z-Tel Communications in nine (9) months, and what has been Z-Tel's actions regarding this high number of slamming complaints?

Response: During the first quarter, Z-Tel utilized FNC Communications as our telemarketing agent. Our relationship was terminated with FNC due to questionable and unethical sales practices. As a result of their inappropriate behavior, Z-Tel received several complaints regarding promises made to customers by the telemarketers including, but not limited to, time to review the package before switching, regional calling and free service. After the implementation of 100% Quality Assurance in June of 2000, the number of valid unauthorized switching complaints dramatically decreased. We now have virtually no instances where a TPV or LOA is considered questionable.

4. What is Z-Tel Communications' policy concerning resolution of slamming complaints?

Response: Prior to effective date of the FCC's new slamming rules, Z-Tel used the following outlined process. Once receiving the complaint, Z-Tel immediately suspended billing on the account and removed the customer from the collections process. The customer would be contacted and the LOA would be provided to them for review. Only after this extensive review process and after the Commission closed its case (if before a regulatory agency) would Z-Tel resume billing on the account

In the rare instances where Z-Tel finds a questionable LOA, Z-Tel credits the customer's account for the full balance, it keeps the customer's account in suspend billing for 15 days to allow ample time to switch to another carrier (if they are still with Z-Tel), Z-Tel sends the customer refunds where applicable, and we send the customer a switch fee reimbursement for their cost to migrate back to their carrier.

With the implementation of the new FCC slamming order and guidelines, Z-Tel changed its process slightly in order to be in full compliance with FCC mandates. Currently, Z-Tel immediately credits the customer's account for 30 days of service until the review is complete and we remove the customer from collections. Once the review is complete, we send a copy of the valid LOA to the Commission and await closure of the case. Once the

case is closed and the Commission concurs that the sale is valid, we revert the previous credit placed on the account. Should the Commission (or Z-Tel) rule that the sale was invalid or questionable *and* the sale occurred after November 28, 2000, we credit the full balance, issue switch fee reimbursement, and we are working on the best process to issue payment to the carrier. Z-Tel is an active participant in the industry working group that is developing procedures to implement carrier payment.

5. What has been done, or what is Z-Tel doing, to not only reduce slamming complaints over all, but to bring the number of slamming complaints down to zero?

Response:

In June of 2000, Z-Tel implemented 100% Quality Assurance review on all recorded verifications. Z-Tel has an independent group review all TPV recordings to make sure they are valid. Thus, 3 separate groups all must agree that the sale is valid; the original sales group, the independent third party verifier, and the Z-Tel auditing group. This extra step that Z-Tel added to insure quality sales is unprecedented in the telecommunications industry.

As stated previously, Z-Tel stopped using outside telemarketing firms when it acquired Touch1 Communications in April 2000. Touch1 owns a telemarketing subsidiary, Directel, that conducts any telemarketing for Z-Tel. Thus Z-Tel has complete control over all telemarketing activities.

Even more importantly, the percentage of sales from telemarketing has dropped dramatically from over 80% one year ago to approximately 20% now. Customers are now choosing Z-Tel from advertisements and word of mouth from current customers who recognize the outstanding value that Z-Tel offers. Z-Tel plans to continue de-emphasizing telemarketing as its primary sales tool.

6. Describe in detail, Z-Tel Communications' policy with regard to responding to consumers and their complaints.

Response: Z-Tel manages Customer Service from its Atmore, Alabama offices. All customers are assured of reaching a Customer Service Representative 24 hours a day, 7 days a week. Customer service may be reached via 1-800-511-4572. In addition, the company maintains a web site (www.z-tel.com) which explains the company, its services as well as how to read a customer bill.

Z-Tel internal objectives require that 90% of customer complaints be handled while the customer is on the phone. Supervisors are available to assist if necessary. The remaining 10% may require research and are resolved as quickly as possible.

If a customer service representative is unable to assist the customer, they are trained to enter a research ticket and to route the ticket to the appropriate department. Each department has extremely stringent quotas they are required to meet, while maintaining high quality. Z-Tel strives to resolve each customer's issue quickly and efficiently.

Should a customer disagree with our attempt at resolution, they may escalate the matter within our customer service department, or with Customer Relations.

Z-Tel's goal is to keep its customers happy and liberally provides customer credits whenever a customer voices valid concerns with their service.

7. Will Z-Tel Communications have personnel in Tennessee for installation and/or service repairs that can be contacted not only by consumers, but by the Authority Staff for quick and effective response and action? If so, provide all appropriate contact information.

Response: Z-Tel will not have any personnel in Tennessee. As reflected in the company's application, Z-Tel provides its services utilizing the unbundled network element platform, (UNE-P) which enables it to run its operations from remote locations, enabling it gain sufficient economies of scale and scope to compete with the incumbent in the residential market.

Z-Tel will contract with BellSouth to provide installation and service repairs as part of the UNE-platform service. Authority Staff can contact Z-Tel for any issues related to installation and repair, and Z-Tel will dispatch BellSouth technicians as necessary.

8. According to the application, Z-Tel Communications is going to provide residential in BellSouth's territory. Is Z-Tel Communications aware of and ready to implement Tennessee's County-wide Calling requirements? Describe the method(s) to be utilized by Z-Tel Communications to implement this calling plan, both for intraLATA, and where appropriate, InterLATA calling areas.

Response: Z-Tel will provide service in Tennessee through use of the unbundled network element platform purchased from BellSouth, and intraLATA toll service on a resold basis. Z-Tel will comply with all state regulations regarding county-wide calling and anticipates mirroring BellSouth's county-wide calling plan.

9. Describe Z-Tel Communications' ability to participate in Tennessee's number pooling trials and other number conservation activities.

Response: Z-Tel does not anticipate participating in the state's number pooling trials or other number conservation activities. As noted in the company's application (VIII(1)), and again in the company's response to Staff's initial data request, the company does not anticipate any demand for NXXs. The company's proven marketing efforts in 11 states, as a competitive local exchange carrier currently marketing exclusively to residential customers, indicates the customers utilize their existing telephone numbers and switch their service to Z-Tel. The company does not anticipate any change in this when marketing in Tennessee.

Z-Tel is willing to participate in the trials to the extent that the Tenn. Authority or its staff require the involvement of a UNE-P carrier.

10. Provide Z-Tel Communications' service implementation schedule, by NPA and Rate Center, and the number of NXXs necessary for Z-Tel Communications to meet this schedule.

Response: Z-Tel will provide service via UNE-P, as noted in the company's application. This technology will allow the company to offer service on a statewide basis when Z-Tel begins offering service in Tennessee.